

### 3.0 Minimum School Program

#### Executive Committee Guidelines

The Analyst's recommendations represented in this report are developed within the guidelines established by the Legislative Executive Appropriations Committee. While the Executive Committee identifies an appropriation amount for the Public Education budget, the Appropriations subcommittee is directed to allocate within the various agencies and departments of Public Education as they deem most appropriate. The Analyst's recommendations are developed within the same restrictions. **These recommendations, while representing the best advice based on current data and information available, acknowledge that the subcommittee on Public Education, and ultimately, the Legislature has the final authority and responsibility to allocate the resources based on all factors contributed during the Legislative process.**

#### Funding

*Distribution basis is the Weighted Pupil Unit*

The Minimum School Program provides State support to public schools in each local school district enabling them to provide education for all children from kindergarten through grade 12. Distribution of State money is made on a formula basis in order to equalize wealth between "poorer" districts and "richer" districts. The basis for the distribution of State funds is the Weighted Pupil Unit (WPU). A weighted pupil unit, in general, is one full time student. Specific programs may have other formulas to define a "Weighted Pupil Unit; i.e., one kindergarten student equals .55 of a weighted pupil unit.

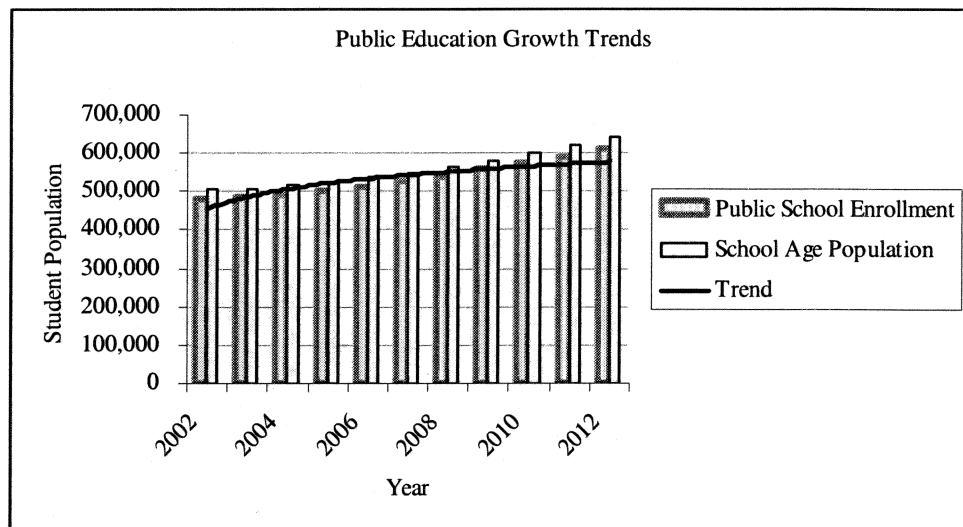
#### Enrollment

*Average Student growth is a one Percent increase*

The actual fall enrollment count for FY 2003 is 481,143 compared to the committee estimate a year ago of 480,736 or an underestimate of 407, and represents a 0.70 percent variance from the prior year enrollments of 477,801. The fall enrollment estimate for FY 2004 is 485,944, an increase of 4,801 for a growth of 1.00 percent. Costs resulting from growth for FY 2004 are calculated to be \$11,560,596.

The increase in enrollment translates into an increase in weighted pupil units of 4,713. The number is less than the total because kindergarten enrollments are only .55 of a weighted pupil unit. Enrollment projections through the year 2012 have been prepared by the Utah State Office of Education as follows:

Year	Public School Enrollment	Enrollment School Age Population	% Inc.
2002	481,143	507,992	
2003	485,944	508,160	1.0%
2004	493,058	515,599	1.5%
2005	501,529	524,458	1.7%
2006	513,196	536,658	2.3%
2007	526,567	550,640	2.6%
2008	540,664	565,382	2.7%
2009	556,876	582,335	3.0%
2010	574,758	601,034	3.2%
2011	592,738	619,836	3.1%
2012	612,348	640,343	3.3%



*Enrollment growth  
could be \$419 million  
by FY 2013*

The cost of enrollment growth over an extended period of time becomes problematic since the unknowns have the potential to vary. In the out years it is especially difficult since the live births have not been realized and migration rates are only an educated guess at best. However, with those caveats, the attempt is made to give some kind of an idea of what potential costs may be. The following chart assumes the growth rate based on school age population converted to fall enrollment and then to weighted pupil units (WPU). These units, in turn, have been put into the model to calculate the minimum school program costs which take into consideration all of the factors that are driven by growth and weighted pupil unit value increases. Some of these factors include associated social security and retirement costs, transportation, and some inflation driven programs not WPU driven. A two percent inflation factor applied to the WPU value per year is used as an example of increasing costs.

*Enrollment growth  
plus 2% WPU  
inflation could be  
\$900 million by FY  
2013*

The costs for growth only are represented as well as the cost of growth plus a two percent inflation rate. As indicated in the chart on page 12, there is a potential of close to an additional \$900,000,000 need by FY 2013 to cover an additional enrollment of 131,205 students plus average yearly inflation of two percent. This does not include funds for any other education needs or initiatives that may be considered and is well below historic increases for public education over comparable time periods.

Public Education Enrollment and Cost Projections FY 2004 Through FY 2013						
<u>Fiscal</u> <u>Year</u>	<u>Fall</u> <u>Enrollment</u>  <u>Increase</u>	<u>Increase</u> <u>in</u> <u>Number</u> <u>of</u>  <u>WPU's</u>	<u>Projected</u> <u>Cost</u>  <u>Growth Only</u>	<u>WPU</u> <u>Value</u>  <u>Increase</u>	<u>Project Cost -</u>  <u>Growth Plus</u> <u>WPU @</u> <u>2%/yr.</u>	<u>WPU Value</u>  <u>Incremental</u>  <u>Increase</u>
				\$2,132		
2,004	4,801	6,289	\$15,322,026	2,175	\$50,590,229	43
2,005	7,114	9,319	22,704,081	2,218	58,959,963	43
2,006	8,471	11,097	27,035,860	2,262	65,302,938	44
2,007	11,667	15,284	37,236,739	2,308	79,081,902	45
2,008	13,371	17,516	42,674,609	2,354	86,769,094	46
2,009	14,097	18,467	44,991,552	2,401	92,115,109	47
2,010	16,212	21,238	51,742,597	2,449	102,772,615	48
2,011	17,882	23,425	57,070,832	2,498	112,293,435	49
2,012	17,980	23,554	57,385,120	2,548	116,271,275	50
2,013	19,610	25,689	62,586,665	2,599	126,311,408	51
	131,205	171,879	\$418,750,081		\$890,467,969	467

**NOTES:**

1. The fall enrollment figure for FY 2004 is the Common Data Committee (CDC) projection. (The CDC consists of representatives of the Legislative Fiscal Analyst, Governor's Office of Planning and Budget [GOPB], and the Utah State Office of Education, [USOE].)

2. The accuracy of the figures for 2004 through 2012 depends on; (a) the accuracy of the school age population projection by the GOPB, and (b) the assumption that change in public school enrollment will correspond perfectly to change in the school age population as a whole.

3. The GOPB school age population (persons age 5 to 17) data as of July 1 serve as the "2002 Baseline Projections" in the state's UPED Model. The data are available at:

<http://www.governor.state.ut.us/projections/R012B30.pdf>

<<http://www.governor.state.ut.us/projections/R012B30.pdf>>

[See page 37 in that report for state totals].

4. Each year's public school enrollment projection is derived by applying a recursive "prior year plus growth" model, with the prior year being the prior year enrollment and growth being the projected percentage increase in school age population from the prior year.

5. While change in enrollment and population will certainly not be perfectly correlated, the assumption seems adequate under present circumstances because of the state's traditionally low and stable private school enrollment rate (estimated at 2.8% ). The adequacy of the assumption could be affected by any innovation in policy which would make private schooling relatively more attractive and bring about a shift of students from public schools to the private sector. If that scenario is anticipated, these projections may be interpreted as an upper bound under current policy, and the model would have to be revised to account for a new variable.

## MSP Recommendation

*The Analyst recommends a total of \$1.95 Billion*

The Analyst's Minimum School Program budget for FY 2004 was prepared with the 2003 appropriated budget as a base and adjustments made for enrollment changes and other adjustments as necessary. The Analyst's total recommendation is \$1,954,731,531 with \$1,567,893,694 recommended from the Uniform School Fund and \$386,837,837 in local revenues. The Uniform School Funding represents ongoing funding equal to FY 2003 appropriations plus a \$4,050,000 increase in the School Trust Land program. The Local Revenue is a 4.7 percent increase over FY 2003 revenue and represents 19.8 percent of the total budget.

*Each 1 percent increase in the Weighted Pupil Unit value costs approximately \$16.1 to 17.3 million.*

Each one percent increase in the value of the Weighted Pupil Unit will cost approximately \$16,100,000 to \$17,300,000 depending on the number weighted pupil units approved by the Legislature and possible increases for non WPU driven programs.

The Analyst recommends increased program funding of \$4,050,000 for the State Trust Lands Program, and \$11,560,600 for student growth. Funding for the Voted and Board Leeway programs are required to be increased by statute. This will need an appropriation of \$4,787,850 or a statutory change if the increase is to be postponed. The analyst has not included this amount in the budget at this time. Retirement rate increases are estimated to require an additional \$12.7 million for FY 2004. Estimated health and dental premium increases are estimated at \$13 million.

One time funding appropriated for FY 2003 is removed from the budget for FY 2004. As a result, \$18,189,100 of base funding is reduced from the beginning base budget for FY 2004 since this amount had previously been replaced in FY 2003 with one time revenue sources.

## 3.1 Kindergarten

### Recommendation

The Analyst recommends 20,433 Weighted Pupil Units, which represent an increase in kindergarten enrollment of 336 Weighted Pupil Units.

### Purpose

Section 53A-17a-106 of the State System of Public Education reads in part:

*Kindergarten WPU's computed by multiplying ADM by 0.55*

(2) The number of units is computed by adding the average daily membership of all pupils of the district enrolled in kindergarten and multiplying the total by .55.



### 3.2 Grades 1 through 12

**Recommendation**

*Enrollment growth based on agreement using varied statistical methods and analysis*

The Analyst recommends 432,969 Weighted Pupil Units, which is an increase of 3,098 Weighted Pupil Units over the FY 2003 appropriated number of 429,871. The process of projecting student growth is based on actual and projected birth statistics, the multiple year survival cohort statistical analysis method, and the preceding year's average survival rates of children enrolling in the next grade level. In addition, migration factors were incorporated into the formulas and computation process. The State Office of Education, the Analyst's Office and the Governor's Office do independent growth projections and then attempt to come to a consensus prior to budget presentations before the Legislature. The Analyst, the State Board of Education, and the Governor have utilized the same estimates for FY 2004.

Grades one through twelve generates 86 percent of the regular basic school programs.

### 3.3 Foreign Exchange Student Program

**Recommendation:**

*Eliminate State Subsidy, \$700,000 in savings.*

The State Board of Education recommends eliminating the state subsidy to educate children from other countries and the Analyst concurs with this recommendation.

The State Office of Education has provided the following information explaining the program and the recommended elimination of State funding:

“This is a recommendation to eliminate the subsidy to districts sponsoring J-1 visa foreign exchange students. Districts would have the choice of continuing the sponsorship but would have to pay for the students out of local funds or require tuition payments.”

“Since 1985, Utah Code 53-A-2-207 permits high schools who enroll J-1 visa foreign exchange students to report those students on the end-of-year enrollment count. This triggers the transfer of a Weighted Pupil Unit for each student to the appropriate district. The legislation permitted up to 250 WPUs to be paid during the first year of the subsidy for a total of \$295,000 and instructed the Utah State Office of Education to establish rules for overseeing the program. R277-615 governs the placement of these students and includes the terminology which governs the increase or decrease of exchange students. Over the years, the number of WPUs authorized has increased from 250 to 328. At the end of the 2002-2003 school year, high schools may submit enrollment counts which will be equivalent to nearly \$700,000, (318 students @ \$2,132 \$699,296). In addition, 25% of a specialist FTE and 25% of a secretary FTE are occupied with overseeing the program.”

“Justification: State resources may be better spent on the direct education of Utah's children rather than subsidizing the education of children from other

countries. Local districts may be in a better position to determine the educational value of sponsoring international students.”

### 3.4 Necessarily Existent Small Schools

#### Summary

The Analyst recommends 7,585 Weighted Pupil Units for Necessarily Existent Small Schools. This includes an increase of 199 weighted pupil units for an additional \$424,268 to accommodate growth.

For every child in the school system, the minimum school program provides a certain amount based on funding criteria established by either the Legislature or by Board rule.

*Extra funding provided for small schools where WPU funding formula would be inadequate*

In smaller schools there may not be enough children in one class to provide funds for even one teacher. For example, in a second-grade class of 25, the school might receive \$53,300 (based on a WPU value equal to \$2,132). However, in a smaller community where there are fewer students and smaller schools, there might only be eight students of second-grade age. The school would receive only \$17,056 - not enough for a teacher for the class or other expenditures associated with teaching those students. The Necessarily Existent Small Schools program provides extra funds for those schools.

*Qualifying requirements differ according to grade level*

The requirements for Necessarily Existent Small Schools classification are outlined in **53A-17a-109** of the Utah Code as follows:

(1) Upon application by each school district, the State Board of Education shall, in consultation with local school boards, classify particular schools in each district as necessarily existent small schools.

(a) Applications must be submitted to the state board before April 2, and the board must report a decision to each school district before June 2.

(b) The state board shall adopt standards and make rules to:

(i) govern the approval of these schools consistent with principles of efficiency and economy and which shall serve the purpose of eliminating schools where consolidation is feasible by participation in special school units; and

(ii) ensure that districts are not building secondary schools in close proximity to one another where economy and efficiency would be better served by one school meeting the needs of secondary students in a designated geographical area.

(c) A one or two-year secondary school that has received necessarily existent small school money under this section prior to July 1, 2000, may continue to receive such money in subsequent years under state board rule.

(2) The state board shall:

(a) prepare and publish objective standards and guidelines for determining which small schools are necessarily existent after consultation with local school boards; and

(b) conduct comprehensive school surveys of the school districts in which small schools are operated for the purpose of improving school

programs, bringing about greater economy and efficiency, and reporting to the Legislature changes needed in the law pertaining to small schools.

(3) The additional units for schools classified as necessarily existent small schools are computed using regression formulas adopted by the state board.

(a) The regression formulas establish the following maximum sizes for funding under the necessarily existent small school program:

- |                                 |     |
|---------------------------------|-----|
| (i) Elementary                  | 160 |
| (ii) One or two-year secondary  | 300 |
| (iii) Three-year secondary      | 450 |
| (iv) Four-year secondary school | 500 |
| (v) Six-year secondary school   | 600 |

(b) Schools with fewer than ten students shall receive the same add-on weighted pupil units as schools with ten students.

(c) The state board shall prepare and distribute an allocation table based on the regression formula to each school district.

(4) (a) To avoid penalizing a district financially for consolidating its small schools, additional units may be allowed a district each year, not to exceed two years.

(b) The units may not exceed the difference between what the district receives for a consolidated school and what it would have received for the small schools had they not been consolidated.

(c) A district may use the monies allocated under this subsection for maintenance and operation of school programs or for other school purposes as approved by the state board.

Amended by Chapter 137, 2000 General Session

### 3.5 Professional Staff

**Recommendation** The Analyst recommends 41,678 Weighted Pupil Units for the base budget. This represents an increase of 491 weighted pupil units from the prior year due to changes in teacher eligibility.

**Purpose** Professional Staff costs are determined according to the Professional Staff Cost Formula detailed in the Utah Code in Section 53A-17a-107 as follows:

(1) Professional staff weighted pupil units are computed and distributed in accordance with the following schedule:

(a) Professional Staff Cost Formula

Years of Experience	Bachelor's Degree	Bachelor's +30 Qt. Hr.	Master's Degree	Master's Degree +45 Qt. Hr.	Doctorate
1	1.00	1.05	1.10	1.15	1.20
2	1.05	1.10	1.15	1.20	1.25
3	1.10	1.15	1.20	1.25	1.30
4	1.15	1.20	1.25	1.30	1.35
5	1.20	1.25	1.30	1.35	1.40
6	1.25	1.30	1.35	1.40	1.45
7	1.30	1.35	1.40	1.45	1.50
8	1.35	1.40	1.45	1.50	1.55
9			1.50	1.55	1.60
10				1.60	1.65
11					1.70

(b) Multiply the number of full-time or equivalent professional personnel in each applicable experience category in (a) by the applicable weighting factor.

(c) Divide the total of (b) by the number of professional personnel included in (b) and reduce the quotient by 1.00.

(d) Multiply the result of (c) by 1/4 of the weighted pupil units computed in accordance with Sections 53A-17a-106 and 53A-17a-109.

(2) The State Board of Education shall enact rules in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, which require a certain percentage of a district's professional staff to be certified in the area in which they teach in order for the district to receive full funding under the schedule.

(3) If an individual's teaching experience is a factor in negotiating a contract of employment to teach in the state's public schools, then the local school board is encouraged to accept as credited experience all of the years the individual has taught in the state's public schools.

Amended by Chapter 268, 1994 General Session

### 3.6 Administrative Costs

<b>Recommendation</b>	The Analyst recommends 1,671 Weighted Pupil Units for Administrative Costs. This is an increase of 16 WPU’s to provide increased costs for charter schools.									
<b>Purpose</b>	The following section of the School Finance Act (53A-17a-108) governs this appropriation:									
<i>Utah’s statute requires a plan to keep administrative costs low</i>	<p>“The State Board of Education shall develop a statewide plan to increase the proportion of funds allocated to instruction and decrease the proportion of funds allocated to general district administration and business administration.”</p> <p>Administrative costs in Utah Schools represent between 8 and 9 percent of the total Maintenance and Operation costs.</p>									
<i>Distribution of Administrative Cost funds reward smaller districts</i>	<p>Administrative costs weighted pupil units are computed and distributed to districts in accordance with the following schedule:</p> <table><tr><td>1 - 2,000 students</td><td>53 WPUs</td></tr><tr><td>2,001 - 10,000 students</td><td>48 WPUs</td></tr><tr><td>10,001 - 20,000 students</td><td>25 WPUs</td></tr><tr><td>20,001 and above</td><td>16 WPUs</td></tr></table>		1 - 2,000 students	53 WPUs	2,001 - 10,000 students	48 WPUs	10,001 - 20,000 students	25 WPUs	20,001 and above	16 WPUs
1 - 2,000 students	53 WPUs									
2,001 - 10,000 students	48 WPUs									
10,001 - 20,000 students	25 WPUs									
20,001 and above	16 WPUs									

### 3.7 Special Education Add-On Weighted Pupil Units

<b>Recommendation</b>	<p>The Analyst recommends 53,489 WPU's for the add-on Special Education Program. This is an increase of 492 WPU's from the FY 2003 appropriation.</p> <p>A Special Education finance task force is recommending that the 1989-90 data used in the "Base Plus Growth" formula be updated to more current data that reflect the year to year changes in district enrollments. The Analyst has reviewed the proposal and recommends the change. It is not anticipated to increase state funding costs as it only impacts fund distributions to School Districts. The task force has summarized the problem and solutions in the following report:</p>	
<b>Task Force recommends formula change</b>	<p><b><i>"Special Education Finance Task Force Recommendation</i></b>  <i>For the past year a Special Education Finance Task Force consisting of various special education stakeholders, including district Special Education Directors, parent advocates, USOE staff and others have been studying options for updating the "Base Plus Growth" formula.</i></p> <p><i>After exploring a number of options, the Task Force recommends that the "Base Plus Growth" formula be updated from use of 1989-90 data by utilizing an average of the preceding 5 years of data.</i></p>	

*The Task Force believes that a rolling 5-year average strikes a reasonable balance between actual special education enrollments while avoiding major funding shifts year to year.*

*The Task Force specifically recommends the following change to the School Finance Bill for the 2003 legislative session:*

*(7) Each district shall receive its allocation of monies appropriated for add on wpu's for students with disabilities enrolled in regular programs as provided in this section:*

*(a) The State Board of Education shall ~~use the total number of special education add-on weighted pupil units used to find fiscal year 1989-90~~ as a foundation for the special education add-on appropriation the number of weighted pupil units based on an average of the preceding five Years.*

*(b) A district's special education add-on WPU's for the current year may not be less than the foundation special education add-on WPU's.*

*(c) The State Board of Education shall implement a hold harmless provision for up to three years as needed to accomplish a phase-in period for school districts to accommodate the changes in the formula.*

#### ***Impact of the Recommendation***

*Updating the funding mechanism will create shifts in state special education funding to districts. These shifts are appropriate in that districts are more equitably funded based on their recent special education enrollments.*

#### ***Proposed Phase-in Period***

*In order to facilitate a reasonable transition to new funding levels, the Special Education Finance Committee recommends that the State Board of Education implement a hold harmless provision for up to three years to accomplish a phase-in period for school districts."*

#### **Purpose of Special Education**

More than 48,000 Students in the State of Utah, ages 5 through 21, are identified as being eligible for special education. These students must receive a free, appropriate education consistent with state and federal mandates.

#### ***Funds are allocated on the basis of Services delivered***

Services needed are determined based on individual needs by a team comprised of parents, teachers, support personnel, and administrators. These services can range from a 15-minute per-week session to one-on-one instruction for six hours each day. Related services, such as physical therapy and occupational therapy, must be delivered if these services are needed for the student to benefit from special education. It generally costs 1.5 to 6.2 times as much to educate a disabled student as to educate a non-disabled student. Costs can go higher for prescriptive speech therapy, physical and occupational therapy, psychological and behavioral management, and adaptive physical education for the more severely disabled

*State and Federal mandates govern Special Education programs*

State and federal statute mandate special education. The State Board of Education is required to provide proper education and training for all students with disabilities in this State. The Individuals with Disabilities Education Act (IDEA), Part B, requires that a free and appropriate public education be provided all eligible students with disabilities and provides federal financial assistance to carry out the mandate. Utah's Special Education Legislation, passed in 1953 and amended in 1959, predated the federal law (IDEA) which was signed in 1975.

*Funds are allocated using base year and adding growth*

The allocation of special education dollars to the individual districts is accomplished by using the prior years base WPU's for each district and increasing by growth only. The increase is multiplied by 1.53 weighted pupil units for each new student and added to the foundation allocation to determine each district's total allocation.

The Utah Code section governing the special education add-on funding is as follows:

**53A-17a-111. Weighted pupil units for programs for students with disabilities -- District allocation.**

(1) There is appropriated to the State Board of Education for the fiscal year beginning July 1, 2002, \$156,235,092 (73,281 weighted pupil units) for allocation to local school board programs for students with disabilities.

(2) Included in the appropriation is \$112,989,604 for add-on WPUs for students with disabilities enrolled in regular programs.

(3) The number of weighted pupil units for students with disabilities shall reflect the direct cost of programs for those students conducted in accordance with rules established by the State Board of Education in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act.

(4) Disability program monies allocated to districts are restricted and shall be spent for the education of students with disabilities but may include expenditures for approved programs of services conducted for certified instructional personnel who have students with disabilities in their classes.

(5) The State Board of Education shall establish and strictly interpret definitions and provide standards for determining which students have disabilities and shall assist districts in determining the services that should be provided to students with disabilities.

(6) Each year the board shall evaluate the standards and guidelines that establish the identifying criteria for disability classifications to assure strict compliance with those standards by the districts.

(7) Each district shall receive its allocation of monies appropriated in Subsection **53A-17a-111(2)** for add-on WPUs for students with disabilities enrolled in regular programs as provided in this subsection.

(a) The State Board of Education shall use the total number of special education add-on weighted pupil units used to fund fiscal year 1989-90 as a foundation for the special education add-on appropriation.

(b) A district's special education add-on WPUs for the current year may not

be less than the foundation special education add-on WPUs.

(8) When monies appropriated under this chapter fund the foundation weighted pupil units, as outlined in Subsection (7)(a), growth WPUs shall be added to the prior year special education add-on WPUs, and growth WPUs shall be determined as follows:

(a) The special education student growth factor is calculated by comparing S-3 total special education ADM of two years previous to the current year to the S-3 total special education ADM three years previous to the current year, not to exceed the official October total district growth factor from the prior year.

(b) When calculating and applying the growth factor, a district's S-3 total special education ADM for a given year is limited to 12.18% of the district's S-3 total student ADM for the same year.

(c) Growth ADMs are calculated by applying the growth factor in Subsection (8)(a) to the S-3 total special education ADM of two years previous to the current year.

(d) Growth ADMs for each district in Subsection (8)(c) are multiplied by 1.53 weighted pupil units and added to the prior year special education add-on WPU to determine each district's total allocation.

(9) If monies appropriated under this chapter for programs for students with disabilities

do not meet the costs of districts for those programs, each district shall first receive the amount generated for each student with a disability under the basic program.

Amended by Chapter 279, 2002 General Session

### **3.8 Special Education Self-Contained Program**

**Recommendation**      The Analyst recommends 12,417 WPU's for the Self-Contained Special Education Program. This is a decrease of 125 WPUs from the FY 2003 appropriated level of 12,542.

**Purpose**                      The Self-Contained WPU's are the standard full WPU for every student (average daily membership) that qualifies as a Self-Contained Special Education student. The Add-On is the additional service needed to fund programs for them and for other children who do not qualify as a self-contained special education student. Costs are formula driven as they represent charges for actual services provided.



### 3.9 Special Education - Preschool

<b>Recommendation</b>	The Analyst recommends 6,269 Weighted Pupil Units for the Preschool program. This is an increase of 123 WPU's for growth over the appropriated WPU level of 6,146 for FY 2003.
<b>Funding Formula</b>	<p>A weighting factor of 1.47 of the value of the weighted pupil unit is utilized for computing the funding requirements for Preschool Special Education children. This is based on actual per child costs for service and takes into account all federal and state revenue sources and expenditures. Growth is defined as the actual increase in the number of children, age three through preschool aged five, reported between December 1st child counts. This excludes children served by the Utah Schools for the Deaf and the Blind. A statewide cap of 8 percent is to be used in the formula for budget requests and fund distribution. If this growth is not realized, the budget request will be reduced to equate to the actual growth realized.</p> <p>The formula is:</p> <p>"A factor of 1.47 times the current December 1st child count of eligible preschool aged 3,4 and 5 year olds times the WPU value"; (with a limit of 8 percent growth over the prior year December 1st count)</p>
<b>Purpose</b>  <i>Public Law 99-457 requires education for disabled children ages three to five</i>	The Preschool Special Education Program was implemented to help meet the educational needs of children with disabilities who are three to five years of age. Public Law 99-457 requires that children with disabilities three to five years be given an appropriate free public education. A Federal mandate required the state to have this program in full operation by 1992. FY 2003 will be the twelfth year the state of Utah has had this program in operation.

### 3.10 Extended Year Program for Severe Disabled

<b>Purpose</b>  <i>Program allows continued education during summer</i>	The Fiscal Analyst recommends a total of 321 WPU's for the Extended Year Program. This is an increase of 83 WPU's for growth. Extended School Year Program for severely disabled is limited to students with disabilities who, because of the severity of their disability will not be able to maintain skills gained in the regular school year unless they receive education during the summer months. For these students a maintenance program will be provided to ensure that these students maintain the skills gained in the regular school year. Without this program many of these students would spend much of the next year regaining the skills they had learned in the previous school year.
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### 3.11 Special Education - State Programs

**Recommendation**  
*1,350 WPU's*

The Fiscal Analyst recommends 1,358 WPU's for Special Education - State Programs. This is the same number WPU's as was appropriated for FY 2003.

This allocation provides funding for special education programs in state institutions as well as for district impact aid. Impact aid is provided to districts for new students and for students with disabilities whose services cost significantly more to the district.

### 3.12 Applied Technology Education – ATE District

The Analyst recommends 23,566 WPU's for ATE District funding for FY 2004. This is the same as was appropriated for by 2003.

The governing statutes for this appropriation are included as they show specifications for funding distributions for various aspects of ATE programs.

**53A-17a-113. Weighted pupil units for applied technology education programs -- Funding of approved programs -- Performance measures -- Qualifying criteria.**

(1) (a) There is appropriated to the State Board of Education for the fiscal year beginning July 1, 2002, \$50,242,712 (23,566 weighted pupil units) to pay for approved applied technology education programs and the comprehensive guidance program.

(b) Included in the appropriation is \$908,232 (426 weighted pupil units) for summer applied technology agriculture programs.

(c) The money appropriated in this Subsection (1):

(i) shall be allocated to eligible recipients as provided in Subsections (2), (3), and (4); and

(ii) may not be used to fund programs below the ninth grade level.

(2) Weighted pupil units are computed for pupils in approved programs.

(a) The board shall fund approved programs based upon hours of membership of 9th through 12th grade students.

(b) The board shall use an amount not to exceed 20% of the total appropriation under this section to fund approved programs based on performance measures such as placement and competency attainment defined in standards set by the board.

(c) Leadership organization funds shall constitute an amount not to exceed 1% of the total appropriation under this section, and shall be distributed to each local educational agency sponsoring applied technology student leadership organizations based on the agency's share of the state's total membership in those organizations.

(d) The board shall make the necessary calculations for distribution of the appropriation to school districts and may revise and recommend changes necessary for achieving equity and ease of administration.

(3) (a) Twenty weighted pupil units shall be computed for applied technology education administrative costs for each district, except 25 weighted

pupil units may be computed for each district that consolidates applied technology administrative services with one or more other districts.

(b) Between 10 and 25 weighted pupil units shall be computed for each high school conducting approved applied technology education programs in a district according to standards established by the board.

(c) Forty weighted pupil units shall be computed for each district that operates an approved district applied technology center.

(d) Between five and seven weighted pupil units shall be computed for each summer applied technology agriculture program according to standards established by the board.

(e) The board shall, by rule, establish qualifying criteria for districts to receive weighted pupil units under Subsection (3).

(4) (a) Monies remaining after the allocations made under Subsections (2) and (3) shall be allocated using average daily membership in approved programs for the previous year.

(b) A district that has experienced student growth in grades 9 through 12 for the previous year shall have the growth factor applied to the previous year's weighted pupil units when calculating the allocation of monies under this subsection.

(5) (a) The board shall establish rules for the upgrading of high school applied technology education programs.

(b) The rules shall reflect technical training and actual marketable job skills in society.

(c) The rules shall include procedures to assist school districts to convert existing

programs which are not preparing students for the job market into programs that will accomplish that purpose.

(6) Programs that do not meet board standards may not be funded under this section.

Amended by Chapter 279, 2002 General Session

### **3.13 Minimum School Program – ATE Set Aside**

The Analyst recommends 995 WPU's for ATE Set Aside funding for FY 2004. This is the same as was appropriated for 2003. Set Aside funds are used to provide funding for innovative or new programs and/or equipment.

The statutes for this program are included as follows:

#### **53A-17a-116. Weighted pupil units for applied technology set-aside programs.**

(1) There is appropriated to the State Board of Education for the fiscal year beginning July 1, 2002, \$2,121,340 (995 weighted pupil units) for an applied technology set-aside program.

(2) Each district shall receive a guaranteed minimum allocation from the

monies appropriated in Subsection (1).

(3) The set-aside funds remaining after the initial minimum payment allocation are distributed by an RFP process to help pay for equipment costs necessary to initiate new programs and for high priority programs as determined by labor market information.

Amended by Chapter 279, 2002 General Session

### 3.14 Class Size Reduction

**Recommendation** The Analyst recommends 29,757 weighted pupil units for class size reduction. This is the same as was appropriated for 2003. Class size information and a historical perspective of funding results can be reviewed in the Education Data Book.

**Purpose** The statutes for Class size are found in the Utah code as follows:

**53A-17a-124.5. Appropriation for class size reduction.**

(1) There is appropriated to the State Board of Education for the fiscal year beginning July 1, 2002, \$63,441,924 (29,757 weighted pupil units) to reduce the average class size in kindergarten through the eighth grade in the state's public schools.

(2) Each district shall receive its allocation based upon prior year average daily membership in kindergarten through grade eight plus growth as determined under Subsection **53A-17a-106**(3) as compared to the state total.

(3) (a) A district may use its allocation to reduce class size in any one or all of the grades referred to under this section, except as otherwise provided in Subsection (3)(b).

(b) (i) Each district shall use 50% of its allocation to reduce class size in any one or all of grades kindergarten through grade two, with an emphasis on improving student reading skills.

(ii) If a district's average class size is below 18 in grades kindergarten through two, it may petition the state board for, and the state board may grant, a waiver to use its allocation under Subsection (3)(b)(i) for class size reduction in the other grades.

(4) Schools may use nontraditional innovative and creative methods to reduce class sizes with this appropriation and may use part of their allocation to focus on class size reduction for specific groups, such as at risk students, or for specific blocks of time during the school day.

(5) (a) A school district may use up to 20% of its allocation under Subsection (1) for capital facilities projects if such projects would help to reduce class size.

(b) If a school district's student population increases by 5% or 700 students from the previous school year, the school district may use up to 50% of any allocation it receives under this section for classroom construction.

(6) This appropriation is to supplement any other appropriation made for class size reduction.

(7) (a) The State Board of Education shall compile information on class size, both in average student-teacher ratios and in actual number of students enrolled in each classroom by grade level for elementary grades and by subject matter for secondary grades.

(b) The State Board of Education shall establish uniform class size reporting rules among districts.

(c) Provisions may be made for explaining special circumstances where class size exceeds or is below normal distributions.

(8) (a) Each school district shall provide annually to the state superintendent of public instruction a summary report on the overall district plan for utilizing class size reduction funds provided by the Legislature.

(b) If the district has received new additional class size reduction funds during the previous year, the district shall report data identifying how:

(i) the use of the funds complies with legislative intent; and

(ii) the use of the funds supplements the district's class size reduction plan.

(9) The Legislature shall provide for an annual adjustment in the appropriation authorized under this section in proportion to the increase in the number of students in the state in kindergarten through grade eight.

Amended by Chapter 279, 2002 General Session

The amount of base funding for class size reduction has now reached \$78.5 million dollars.









### 3.15 Interventions for Student Success Block Grant

**Recommendation**  
**\$15,553,062**

The Analyst recommends \$15,553,062 for the Interventions for Student Success Block Grant program for FY 2004. This is the same as currently appropriated for FY 2003.

This program serves Utah's students most at risk of being left behind. Funds help schools identified as needing improvement and remediation to meet standards now required under new federal reporting guidelines.

The Interventions for Student Success block grant was created by the 2002 Legislature out of six categorical programs that were designed to help the progress of students.

The current statute for the Interventions for Student Success block grant Block Grant is as follows:

**53A-17a-123.5. Interventions for Student Success Block Grant Program - State contribution.**

(1) There is appropriated to the State Board of Education for the fiscal year beginning July 1, 2002, \$15,553,062 for the Interventions for Student Success Block Grant Program.

(2) The State Board of Education shall distribute the money appropriated in Subsection (1) to school districts and charter schools according to a formula adopted by the board, after consultation with school districts and charter schools, that allocates the funding in a fair and equitable manner.

(3) Schools districts and charter schools shall use Interventions for Student Success Block Grant monies to improve student academic success, with priority given to interventions on behalf of students not performing to standards as determined by U-PASS test results.

(4) (a) Each school district shall develop a plan for the expenditure of Interventions for Student Success Block Grant monies.

(b) The plan:

(i) shall specify anticipated results; and

(ii) may include continuing existing programs to improve students' academic success for which funds were appropriated before the establishment of the block grant.

(c) The local school board shall approve the plan for the expenditure of the block grant monies in an open public meeting before the monies are spent.

Enacted by Chapter 279, 2002 General Session

### 3.16 Quality Teaching Block Grant

**Recommendation**  
**\$64,178,111**

The Analyst recommends \$64,178,111 for the Quality Teaching Block Grant program for FY 2004. This is the same as currently appropriated for FY 2003.

*Program created from  
Career Ladders and  
new development days*

The Quality Teaching Block Grant program was established by the 2002 Legislature to provide school districts with maximum flexibility in the use of their funding as appropriated by the State Legislature. The Quality Teaching Block Grant was created from prior existing programs of career ladder and the addition of \$10,000,000 by the 2002 Legislature for two extra professional development days. Five million of the extra day funds were subsequently removed as a result of budget reduction.

The current statute for the Quality Teaching Block Grant is as follows:

*Statutory Provisions*

**53A-17a-124. Quality Teaching Block Grant Program -- State contributions.**

(1) There is appropriated to the State Board of Education for the fiscal year beginning July 1, 2002, \$64,178,111 for the Quality Teaching Block Grant Program.

(2) The State Board of Education shall distribute the money appropriated in Subsection (1) to school districts and charter schools according to a formula adopted by the board, after consultation with school districts and charter schools, that allocates the funding in a fair and equitable manner.

(3) Schools districts and charter schools shall use Quality Teaching Block Grant monies to implement school and school district comprehensive, long-term professional development plans required by Section **53A-3-701**.

(4) Each local school board shall:

(a) as provided by Section **53A-3-701**, review and either approve or recommend modifications for each school's comprehensive, long-term professional development plan within the district so that each school's plan is compatible with the district's comprehensive, long-term professional development plan; and

(b) in an open public meeting, approve a plan to spend Quality Teaching Block Grant monies to implement the school district's comprehensive, long-term professional development plan.

Amended by Chapter 19, 2002 Special Session 5

Further provisions for the Quality Teaching Block Grant Program are in the Utah Code Annotated Chapter 53A-3-701, "School and school district professional development plans."

### 3.17 Local Discretionary Block Grant Program

**Recommendation**                      The Analyst recommends \$21,824,448 for the Local Discretionary Block Grant Program. This is the same as is appropriated for the current fiscal year.  
**\$21,824,448**

The current statute for the Local Discretionary Block Grant Program is as follows:

#### *Statutory Provisions*

#### **53A-17a-123. Local Discretionary Block Grant Program -- State contribution.**

(1) There is appropriated to the State Board of Education for the fiscal year beginning July 1, 2002, \$21,824,448 for the Local Discretionary Block Grant Program.

(2) The State Board of Education shall distribute the money appropriated in Subsection (1) to school districts and charter schools according to a formula adopted by the board, after consultation with school districts and charter schools, that allocates the funding in a fair and equitable manner.

(3) Schools districts and charter schools shall use Local Discretionary Block Grant monies for:

- (a) maintenance and operation costs;
- (b) capital outlay; and
- (c) debt service.

Amended by Chapter 279, 2002 General Session

Amended by Chapter 258, 2002 General Session

### 3.18 Retirement and Social Security

**Recommendation**                      The Analyst's recommendation for retirement and social security is  
**\$217,072,218**                      \$217,072,218. This is the same as the current year appropriation. Under the funding restrictions imposed on these budget recommendations the Analyst has not included the student growth costs associated with social security and retirement. The unfunded amount is \$1,415,100. **The Analyst recommends that the unfunded costs for Social Security and Retirement from new student growth be funded, either by a reduction in other program costs or with other funds that may become available.**

Social Security &  
Retirement growth  
costs unfunded

Retirement rate  
increased costs are  
unfunded

Retirement costs are estimated to increase for FY 2004 resulting in estimated increased costs of \$12,711,200 for School Districts. This has not been included in the Analyst's recommendations.

The social security and retirement costs of the minimum school program are determined by formula based on the program (number of weighted pupil units) adopted by the Legislature.

The Analyst recommends that the committee approve a motion to adopt social security and retirement costs as will be determined by final weighted pupil unit approvals and any additions for rate increases, or compensation package that may be funded by the Legislature.

**Purpose**

*Funds are distributed  
on a pro-rata share*

The 1992 Legislature changed the method of funding and distributing social security and retirement costs. The funds are distributed proportionately based on Weighted Pupil Units. Prior to the change the costs were paid on a reimbursement basis to school districts. The statutory provisions provide for changes in the costs of social security and retirement based on prior year costs, inflation, and rate increases.

*Employees on the  
contributory program  
pay 1 percent of costs*

The current statutes for the social security & retirement allocation are as follows:

**53A-17a-125. Appropriation for retirement and social security.**

(1) There is appropriated to the State Board of Education for the fiscal year beginning July 1, 2002, \$217,072,218 for retirement and social security costs.

(2) The employee's retirement contribution shall be 1% for employees who are under the state's contributory retirement program.

(3) The employer's contribution under the state's contributory retirement program is determined under Section **49-12-301**, subject to the 1% contribution under Subsection (2).

(4) The employer-employee contribution rate for employees who are under the state's noncontributory retirement program is determined under Section **49-13-301**.

(5) (a) Each school district shall receive its share of retirement and social security monies based on its total weighted pupil units compared to the total weighted pupil units for all districts in the state.

(b) The monies needed to support retirement and social security shall be determined by taking the district's prior year allocation and adjusting it for:

- (i) student growth;
- (ii) the percentage increase in the value of the weighted pupil unit; and
- (iii) the effect of any change in the rates for retirement, social security, or both.

Amended by Chapter 250, 2002 General Session

Amended by Chapter 279, 2002 General Session

### 3.19 Transportation

**Recommendation**  
*\$56,164,040;  
includes funding for  
Deaf and Blind  
student transportation*

The Analyst recommends \$ 56,164,040 for pupil transportation. This recommendation includes transportation funding of \$1,923,148 for the Schools for the Deaf and the Blind. The Analyst also recommends that if the Legislature increases the value of the weighted pupil unit that the funding for pupil transportation be increased appropriately.

**Purpose**

Pertinent statutory (UCA 53A-17-107, 108) provisions for transportation in the school finance act are as follows:

**53A-17a-126. State support of pupil transportation -- Incentives to increase economy and productivity in student transportation.**

(1) The state's contribution of \$56,164,040 for state-supported transportation of public school students for the fiscal year beginning on July 1, 2002, is apportioned and distributed in accordance with Section **53A-17a-127**, except as otherwise provided in this section.

(2) (a) Included in the appropriation under Subsection (1) is an amount not less than \$1,936,610 to be deducted prior to any other distribution under this section to school districts, and allocated to the Utah Schools for the Deaf and the Blind to pay transportation costs of the schools' students.

(b) The Utah Schools for the Deaf and the Blind shall utilize these funds to pay for transportation of their students based on current valid contractual arrangements and best transportation options and methods as determined by the schools.

(c) All student transportation costs of the schools shall be paid from the allocation received under Subsection (2).

(3) Each district shall receive its approved transportation costs, except that if during the fiscal year the total transportation allowance for all districts exceeds the amount appropriated, all allowances shall be reduced pro rata to equal not more than that amount.

(4) Included in the appropriation under Subsection (1) is an amount of \$187,000 for transportation of students, as approved by the state board, for school districts that consolidate schools, implement double session programs at the elementary level, or utilize other alternatives to building construction that require additional student transportation.

(5) (a) Part of the state's contribution for transportation, not to exceed \$200,000, may be used as an incentive for districts to increase economy and productivity in student transportation.

(b) This amount is distributed on a pro rata basis among districts which have achieved the most efficiency according to the state formula.

(c) Districts receiving the incentive funding may expend the monies at the discretion of the local school board.

(6) (a) Local school boards shall provide salary adjustments to employee groups that work with the transportation of students comparable to those of classified employees authorized under Section **53A-17a-137**, when dividing the weighted pupil unit for salary adjustment purposes.

(b) The State Board of Education shall conduct a study to evaluate the reimbursement system of funding for pupil transportation with emphasis on looking at methodologies that will provide incentives for districts that will encourage economical practices.

Amended by Chapter 279, 2002 General Session

### **3.20 Guarantee Transportation Levy**

**Recommendation**      The Analyst recommends program funding of \$500,000 for the Guarantee Transportation Levy. There are twelve districts that received funds under this guarantee.

**Purpose**                      The statutes governing this appropriation are as follows:

(6) (a) A local school board may provide for the transportation of students who are not eligible under Subsection (1), regardless of the distance from school, from:

- (i) general funds of the district; and
- (ii) a tax rate not to exceed .0003 per dollar of taxable value imposed on the district.

(b) A local school board may use revenue from the tax to pay for transporting participating students to interscholastic activities, night activities, and educational field trips approved by the board and for the replacement of school buses.

(c) (i) If a local school board levies a tax under Subsection (6)(a)(ii) of at least .0002, the state may contribute an amount not to exceed 85% of the state average cost per mile, contingent upon the Legislature appropriating funds for a state contribution.

(ii) The State Office of Education shall distribute the state contribution according to rules enacted by the State Board of Education.

(d) (i) The amount of state guarantee money to which a school district would otherwise be entitled to under Subsection (6)(c) may not be reduced for the sole reason that the district's levy is reduced as a consequence of changes in the certified tax rate under Section **59-2-924** due to changes in property valuation.

(ii) Subsection (6)(d)(i) applies for a period of two years following the change in the certified tax rate.

Amended by Chapter 73, 2001 General Session

### 3.21 Math, Science – Beginning Teacher Recruitment

**Recommendation**  
*\$600,000*

The Analyst recommends an appropriation of \$600,000 for this program. This represents the same as the current year's level of funding.

**Purpose**

Funding for this program was first appropriated during the 2001 Legislative session. The statutes pertaining to this program are as follows:

**53A-17a-131.19. State contribution to math and science beginning teacher recruitment program.**

The state's contribution of \$500,000 for a math and science beginning teacher recruitment program, for the fiscal year beginning July 1, 2002, is appropriated to the State Board of Education for distribution according to Title 53A, Chapter 1a, Part 6, Public Education Job Enhancement Program.

Amended by Chapter 279, 2002 General Session

Amended by Chapter 258, 2002 General Session

**53A-1a-601. Job enhancements for technology training.**

(1) In conjunction with the Engineering and Computer Science Initiative provided for in Section **53B-6-105**, there is established a Public Education Job Enhancement Program to attract, train, and retain highly qualified secondary teachers in mathematics, physics, chemistry, physical science, learning technology, and information technology.

(2) The program shall provide for the following:

(a) application by a school district superintendent or the principal of a secondary school on behalf of a qualified teacher;

(b) an award of up to \$20,000 or a scholarship to cover the tuition costs for a master's degree, an endorsement, or graduate education in the areas identified in Subsection (1) to be given to selected public school teachers on a competitive basis:

(i) whose applications are approved under Subsection **53A-1a-602(4)**; and

(ii) who teach at the secondary level in the state's public education system for four years in the areas identified in Subsection (1);

(c) (i) as to the cash awards under Subsection (2)(b), payment of the award in two installments, with an initial payment of up to \$10,000 at the beginning of the term and up to \$10,000 at the conclusion of the term;

(ii) repayment of a portion of the initial payment by the teacher if the teacher fails to complete two years of the four-year teaching term in the areas identified in Subsection (1) as provided by rule of the State Board of Education in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, unless waived for good cause by the Job Enhancement Committee created in Section **53A-1a-602**; and

(iii) nonpayment of the second installment if the teacher fails to complete the four-year teaching term; and

(d) (i) as to the scholarships awarded under Subsection (2)(b), provision for

the providing institution to certify adequate performance in obtaining the master's degree, endorsement, or graduate education in order for the teacher to maintain the scholarship; and

(ii) repayment by the teacher of a prorated portion of the scholarship, if the teacher fails to teach in the state system of public education in the areas identified in Subsection (1) for four years after obtaining the master's degree, the endorsement, or graduate education.

(3) An individual teaching in the public schools under a letter of authorization may participate in the cash award program if:

(a) the individual has taught under the letter of authorization for at least one year in the areas referred to in Subsection (1); and

(b) the application made under Subsection (2)(a) is based in large part upon the individual receiving a superior evaluation as a classroom teacher.

(4) (a) The program may provide for the expenditure of up to \$1,000,000 of available monies, if at least an equal amount of matching monies become available, to provide professional development training to superintendents, administrators, and principals in the effective use of technology in public schools.

(b) An award granted under this Subsection (4) shall be made in accordance with criteria developed and adopted by the Job Enhancement Committee created in Section **53A-1-602**.

(c) An amount up to \$120,000 of the \$1,000,000 authorized in Subsection (4)(a) may be expended, regardless of the matching monies being available.

Amended by Chapter 198, 2002 General Session

The following code pertains to the Job Enhancement Committee:

**53A-1a-602. Job Enhancement Committee -- Composition -- Duties -- Appropriation.**

(1) There is created a Job Enhancement Committee to implement and administer the Public Education Job Enhancement Program established in Section **53A-1a-601**.

(2) (a) The committee shall consist of:

(i) two members of the State Board of Education selected by the board;

(ii) two members of the State Board of Regents selected by the board;

(iii) six members of the general public who have business experience in mathematics, physics, chemistry, physical science, learning technology, or information technology selected by the governor; and

(iv) a master high school teacher, who has teaching experience in mathematics, physics, chemistry, physical science, learning technology, or information technology, selected by the superintendent of public instruction.

(b) Committee members shall receive no compensation or benefits for their service on the committee, but may receive per diem and expenses incurred in the performance of their duties at rates established by the Division of Finance under Sections **63A-3-106** and **63A-3-107**.

(3) (a) The committee shall receive and review applications submitted for participation in the Public Education Job Enhancement Program established



under Section **53A-1a-601**.

(b) In reviewing applications, the committee shall focus on:

(i) the prioritized critical areas of need identified under Subsection (5)(a); and

(ii) the awards being made on a competitive basis.

(c) If the committee approves an application received under Subsection (3)(a), it shall contract directly with the teacher applicant to receive the award or the scholarship for a master's degree, an endorsement, or graduate education, subject to Section **53A-1a-601**.

(d) The State Board of Education, through the superintendent of public instruction, shall provide staff support for the committee and adequate and reliable data on the state's supply of and demand for qualified secondary teachers in mathematics, physics, chemistry, physical science, learning technologies, and information technology.

(4) The committee may apply for grants and matching monies to enhance funding available for the program established in Section **53A-1a-601**.

(5) The committee shall make a rule in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, establishing policies and procedures for:

(a) making the awards and offering the scholarships in accordance with prioritized critical areas of need as determined by the committee;

(b) timelines for the submission and approval of applications under Subsection (3); and

(c) the distribution of the awards and scholarships to successful applicants based on available monies provided by legislative appropriation.

(6) The Legislature shall make an annual appropriation to the State Board of Education to fund the Public Education Job Enhancement Program established under Section **53A-1a-601**.

(7) Before October 1, 2004, the committee shall make a report to the Legislature through the Education Interim Committee, the governor, the State Board of Education, and the State Board of Regents on the status of the program, together with any recommendations for modification, expansion, or termination of the program.

Amended by Chapter 210, 2002 General Session

### **3.22 Base Reductions**

The 2002 Legislature passed supplemental appropriations in its sixth special session reducing appropriations for state government for FY 2003. The intent, in preparing the base budget for the Minimum School Program, included a beginning base budget reduction of \$18,189,100. There is no specified basis of reduction; therefore, the Committee will need to determine the disposition of this reduction during the FY 2003 Legislative session. As a result, no specified programs or areas of reduction are indicated.

### 3.23 Highly Impacted Schools Funding

**Recommendation**      The Analyst recommends total funding for this program in FY 2004 of \$5,123,207. This represents the same as the current year's level of funding.

**Purpose**      The 1995 Legislature passed House Bill 172, "Highly Impacted Schools" to provide additional resources for individual assistance to students at schools determined to be highly impacted.

Schools that have received funding through this program have reported positive results. The schools are identified for funding by five factors: student mobility, student ethnicity, limited English proficiency, single parent family, and eligibility for free lunch.

The Highly Impacted Schools program provides funding to about 53 schools with the state's highest rates of English language deficiency, student mobility, single parent families, free-lunch eligibility and ethnic minority students. Many of these schools serve communities where virtually all the students are eligible for free lunch, where less than half remain in a single school for an entire school year, and where over half speak a language other than English. The children who attend these schools survive in living conditions that severely limit their potential for school success.

**Statutes**      The statutes pertaining to this program are as follows:

**53A-15-701. Highly impacted schools.**

(1) There is established a Highly Impacted Schools Program to provide additional resources for individual assistance to students at those schools determined by the board to be highly impacted.

(2) (a) The State Board of Education, in consultation with the governor's office, shall base its determination of highly impacted schools on the following criteria as reported by the schools in their applications:

- (i) high student mobility rates within each school;
- (ii) the number and percentage of students at each school who apply for free school lunch;
- (iii) the number and percentage of ethnic minority students at each school;
- (iv) the number and percentage of limited English proficiency students at each school; and
- (v) the number and percentage of students at each school from a single parent family.

(b) As used in this section, "single parent family" means a household headed by a male without a wife present or by a female without a husband present.

(3) (a) The board, through the state superintendent of public instruction, shall establish application deadlines for participation in the program.

(b) (i) The appropriation required to implement the Highly Impacted Schools Program shall be made under Title 53A, Chapter 17a, Minimum School Program Act.

(ii) The state superintendent of public instruction shall administer and distribute the appropriation to individual schools according to a formula established by the board.

(c) (i) Each participating school shall receive a base allocation from the appropriation.

(ii) Additional monies from the appropriation shall be allocated on the basis of a formula which takes into consideration the total number of students at each participating school and the number of students at each school who are within the categories listed in Subsection (2).

(4) This appropriation is in addition to any appropriation made for class-size reduction under Section **53A-17a-124.5**.

(5) A highly impacted school may use part or all of its allocation to lengthen the school year or extend the school day in order to provide individual assistance to students.

(6) The board shall monitor the program and require each participant school to file a report on the use and effectiveness of the appropriation in meeting the educational needs and involving parents of students who attend these highly impacted schools.

Amended by Chapter 210, 2002 General Session

### **3.24 At-Risk Programs**

#### **Recommendation \$24,324,161**

The Analyst recommends \$24,324,161 for the At-Risk Programs. This is the same as was appropriated for FY 2003.

#### **Purpose**

The "At-Risk" program was initiated to serve the special needs of students who might be "at risk" and help overcome factors which put them at-risk. A number of factors are involved in determining what defines a student "at-risk." According to the Master Plan For Students At-Risk, "a student at-risk is any student who, because of his/her individual needs, requires some kind of uniquely designed intervention in order to achieve literacy, graduate, and be prepared for transition from school to post-school options.

The current budget is divided into seven items: Flow-through money; teen-age pregnancy programs; homeless and minority; Mathematics, Engineering, and Science Achievements Program (MESA); Gang Prevention, Youth-In-Custody, and USU school of the future.

#### **Flow through money**

At-Risk funding goes directly to the districts to use for whatever programs they have to meet some or all of the goals of the At-Risk program. Money, is distributed based on a formula which takes into account selected prior year WPU's per district and a district's low-income population; and a minimum \$18,600 base is guaranteed to all districts.

The programs the districts use to address the at-risk problems are innovative and diverse. In some districts there are alternative high schools or learning centers, which concentrate individualized attention and use outcome-based education, vocational programs, non-letter-grade systems or basic skill learning to work with students who may have difficulty in the regular system. Many districts also have young mother programs or schools geared toward helping teen mothers graduate. Substance abuse programs cross age tutoring, early intervention programs, and other specialized programs geared toward the above-mentioned goals.

### **Teenage Pregnancy programs**

School districts are eligible for this money which they receive through an application process.

- 1)The teenage pregnancy program requires written consent from a parent or guardian.
- 2)It must comply with Sections 76-7-321 through 76-7-325 of the Utah Code, which says that it cannot promote, teach or encourage the use of contraceptives or abortion.
- 3)The district must demonstrate to the state board of education through prior research and pilot studies with similar student populations that those students attained and retained knowledge, values, attitudes, and behaviors that promote abstinence from sexual activity before marriage, and that the students had a lower pregnancy rate than comparison groups that did not participate in the program.
- 4)All teaching materials must be approved by the state board.

The districts can spend other moneys in the At-Risk regular program for pregnancy programs if they deem necessary.

### **Homeless and Minority**

The At-Risk homeless and Minority Program was added in FY 1993. The money is distributed based on a weighted count of homeless and minority students in each district. The Utah State Board of Education Rule for funding of this program is as follows:

#### **R277-616-5. School District Funding for Homeless Students and Economically Disadvantaged Ethnic Minority Students.**

- A. Funds appropriated for homeless and economically disadvantaged ethnic minority students shall be distributed as outlined under 53A-17a-121(3a).
- B. For purposes of determining the homeless student count, districts shall count annually the number of homeless students served in the district.

- C. If a student satisfies the homeless criteria at more than one time during the school year in the same district, the student shall be counted once.

*MESA funds are allocated on a competitive basis*

### **MESA Programs**

The MESA, (mathematics, engineering, science achievement), Program has been funded for several years, but was funded as part of the At-Risk Line Item in FY 1993. The distribution is allocated on a competitive basis by the State School Board.

MESA ....” is a statewide pre-college program which provides training for teachers and advisors who identify and work with students in grades 7-12, who are interested in and capable of succeeding in math, science, and technology-related studies. Currently, there are 93 teachers/advisors in 84 schools and 12 school districts who work with more than 3000 students throughout the State of Utah.”

“The University of Utah and Granite School District initiated the MESA Program in 1985-86, with a small group of 52 students. Since then, Utah MESA has grown to 12 school districts, 84 schools, and about 3000 students. Industry, Utah State Board of Regents, four institutions of higher education, Utah State Office of Education, community leaders, and twelve school districts comprise the Utah MESA/STEP, (science, technology, engineering programs), Consortium. The mission of the Consortium is to increase the number of underrepresented minorities and women who enter and succeed in mathematics, engineering, and science-related fields. A major goal is to have MESA in every secondary school and to have STEP in every institution of higher education in the State of Utah.”

### **Youth - In - Custody**

#### **Purpose**

*The goal of this program is successful release of students into society*

This program provides for education of youth that are in the custody of State agencies for reasons of neglect or delinquency. The goals of all custody programs for youth are successful release, not continued custody. Educational programs to which Youth-in-Custody are assigned are to meet applicable standards approved by the State Board of Education. Youth-in-Custody served by or through a school district are considered students of that district. All Youth-in Custody education services are closely coordinated with related social service and judicial agency services to enhance effectiveness and avoid duplication.

*Youth in Custody is a person under age twenty-one in custody of a state agency*

A Youth-in-Custody is a person under the age of twenty-one who is in the custody of a state agency other than the Utah State Training School, Utah State Hospital, State Division of Corrections, or the Utah State Prison. Custody is pursuant to a determination that the person is neglected, delinquent, or guilty of a criminal act. The term includes residents of detention centers but excludes any child who is in custody solely because his or her parent wanted to provide the child with education at home or in a private school. The Youth in Custody program is also responsible for the educational needs of students who are in the custody of the Tribal Courts.

**53A-17a-121. Appropriation for at-risk programs.**

(1) There is appropriated to the State Board of Education for the fiscal year beginning July 1, 2002, \$24,324,161 for allocation to local school boards for at-risk programs, including the following:

- (a) youth in custody;
- (b) homeless and disadvantaged minority students;
- (c) mathematics, engineering, and science achievement programs;
- (d) gang prevention and intervention; and
- (e) at-risk flow through.

(2) Districts shall spend monies for these programs according to rules established by the State Board of Education in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act.

(3) (a) From the amount appropriated for youth at risk programs, the board shall allocate moneys to school districts for homeless and disadvantaged minority students.

(b) Each district shall receive its allocation on the basis of:

- (i) the total number of homeless students in the district;
- (ii) added to 50% of the number of disadvantaged minority students in the district;
- (iii) multiplying the total of Subsections (3)(b)(i) and (ii) by the value of the weighted pupil unit; and
- (iv) prorating the amount under Subsection (3)(b)(iii) to the amount in Subsection (3)(a).

(4) (a) From the amount appropriated for at-risk programs, the board shall allocate monies for mathematics, engineering, and science achievement programs, MESA programs, in the districts.

(b) The board shall make the distribution to school districts on a competitive basis by application under guidelines established by the board.

(5) (a) From the amount appropriated for at-risk programs, the board shall distribute moneys for gang prevention and intervention programs at the district or school level.

(b) The board shall make the distribution to school districts under guidelines established by the board consistent with Section **53A-15-601**.

(6) (a) From the amount appropriated for at-risk programs, the board shall distribute moneys for programs for youth in custody.

(b) The board shall allocate these moneys to school districts which operate programs for youth in custody in accordance with standards established by the board.

(7) From the amount appropriated for at-risk programs, the board shall allocate monies based on:

- (a) a formula which takes into account prior year WPU's per district and a district's low income population; and
- (b) a minimum base of no less than \$18,600 for small school districts.

Amended by Chapter 279, 2002 General Session  
Amended by Chapter 299, 2002 General Session  
Amended by Chapter 258, 2002 General Session

### 3.25 Adult Education

**Recommendation**  
**\$8,431,047**

The Analyst recommends \$8,431,047 for the Adult High School, and Adult Basic Education programs.

**Adult High School Education**

The Board of Education allocates the funding among the school districts by board rule, R277-733-9 as follows:

Adult education funds shall be allocated to school districts as follows:

(1) Adult basic education formula (levels 0 through 8):

(a) Base amount - 10 percent of appropriation to be distributed equally to each district;

(b) Latest official census data - 45 percent of appropriation determined by the following:

(i) individuals 18 years of age and older who speak a language other than English at home;

(ii) individuals 18 years of age and older with less than a ninth grade education.

(c) Enrollees - 20 percent of appropriation determined by the following:

(i) enrollees in English as a second language (ESL) courses (levels 0 through 2);

(ii) enrollees in adult basic education (ABE) courses (levels 3 through 8).

(d) Student outcomes - 25 percent of appropriation shall be determined from among the following:

(i) number of clock hours of student attendance;

(ii) number of jobs obtained by students;

(iii) number of students that obtained a better job or salary increase;

(iv) number of students removed from welfare;

(v) number of students who completed English as a second language (ESL) and adult basic education (ABE) levels, or both;

(vi) number of students who entered a higher education/training program as approved by the USOE;

(vii) number of credits awarded to students;

(2) Adult high school allocation formula (levels 9 through 12):

(a) Six percent of the allocation shall be distributed equally to the districts as a base.

(b) Of the amount remaining following distribution of the base amount, 50 percent shall be distributed to school districts according to each district's percentage of ungraduated adults determined by the latest official census; and

(c) 50 percent shall be distributed to school districts as determined by student participation as follows:

(i) enrollees in adult high school completion (levels 9 through 12) - 12.5 percent;

(ii) units of credit earned through participation in approved adult high school completion courses - 12.5 percent;

(iii) high school diplomas awarded - 12.5 percent;

(iv) clock hours of student attendance - 12.5 percent.

## Purpose

The statutory provisions for the Adult High School Program are found in the UCA 53A-17a-119 as follows:

*Program funds are allocated based on the number of adults without a high school diploma*

### **53A-17a-119. Appropriation for adult education programs.**

(1) There is appropriated to the State Board of Education for the fiscal year beginning July 1, 2002, \$8,431,047 for allocation to local school boards for adult education programs, consisting of adult high school completion and adult basic skills programs.

(2) Each district shall receive its pro rata share of the appropriation for adult high school completion programs based on the number of people listed in the latest official census who are over 18 years of age and who do not have a high school diploma and prior year participation or as approved by board rule.

(3) On February 1 of each school year, the State Board of Education shall recapture monies not used for an adult high school completion program for reallocation to districts that have implemented programs based on need and effort as determined by the board.

(4) To the extent of monies available, school districts shall provide programs to adults who do not have a diploma and who intend to graduate from high school, with particular emphasis on homeless individuals who are seeking literacy and life skills.

(5) Overruns in adult education in any district may not reduce the value of the weighted pupil unit for this program in another district.

(6) The board shall provide the Legislature with a recommendation as to if and when any fees should be charged for participation in the adult high school completion programs funded under this section.

(7) School districts shall spend money on adult basic skills programs



according to standards established by the board.

Amended by Chapter 279, 2002 General Session

### **Adult Basic Skills**

#### **Purpose**

This program created by the 1995 Legislature is in its sixth year. The program is designed to provide English as a second language and basic skills instruction for adult ethnic/racial minorities and others.

Board rules specify the program perimeters for Adult Education as follows:

- A. Any adult may enroll in an adult education class as specified in Section 53A-15-404.
- B. Tuition and fees may not be charged for pre-literacy or literacy courses.
- C. Tuition may not be charged for adult high school general core courses.
- D. Tuition may be charged for career option cluster courses, when adequate state or local funds are not available.
- E. Fees may be charged for consumable and nonconsumable items necessary for adult high school general core courses, career option cluster courses, and adult high school general core courses, consistent with the definitions under R277- 733-1G and R277-733-1H.
- F. To qualify for free adult high school completion course work beyond the general core, a student shall declare his intent to graduate from high school.

### **3.26 Accelerated Learning Programs**

#### **Recommendation**

The Analyst recommends \$8,622,674 for Accelerated Learning Programs for FY 2003.

#### **Purpose**

*Accelerated Learning programs include Advance Placement, Concurrent Enrollment, and Gifted and Talented*

The 1987 Legislature created the Accelerated Learning Programs. The category includes Advanced Placement Programs, Concurrent Enrollment Programs, and Gifted and Talented Programs.

Utah's Accelerated Learning programs are among the best in the nation as evidenced by both test scores and the high percentage of participants. The funds are distributed according to the rules established by the State Board of Education. Funding language for this program can be found in the Utah State Code, 53A-17a-120.

*Funds are distributed based on basic program WPU appropriation*

#### **Programs for Gifted and Talented Students**

According to the State Board of Education rules "each school district shall receive its share of funds allocated for these programs in the same proportion that its number of weighted pupil units for kindergarten through grade twelve and necessarily existent small rural schools bears to the state total."

*District programs are varied and diverse*

Districts differ widely in how they use these funds to aid in educating gifted and talented students. According to the Utah Administrative Code (1990) R277-711- 1, programs for the gifted and talented are: "children and youth whose superior performance or potential for accomplishment requires a differentiated and challenging education program to meet their needs in any one or more of the following areas":

- 1) General intellectual;
- 2) Specific academic
- 3) Visual or performing arts;
- 4) Leadership;
- 5) Creative or productive thinking."

Each district is also required to have a plan for these students and a way of identifying gifted and talented students.

**Concurrent Enrollment**

Concurrent Enrollment is another program in which Utah's outstanding high school students can move more rapidly through our school system by enrolling in college courses prior to high school graduation for credit toward both high school graduation and full college matriculation. Both district teachers and college professors teach these courses. Who teaches depends on the district, agreements with the different colleges and universities in the state, and the location of the high school. Funds for this program are distributed to the districts in the state on a pro-rated amount based on the total number of quarter hours earned by their students.

*Statute Provisions*

The Analyst has provided the following text of the State Board of Education administrative rules governing the operating procedures and working arrangements between Public Education and Higher Education:

**R277-713-3. Student Eligibility.**

- A. Local schools and institutions of higher education shall jointly establish student eligibility requirements, which shall be sufficiently selective to predict a successful experience.
- B. Local schools have the primary responsibility for identifying students who are eligible to participate in concurrent enrollment classes.
- C. Each student participating in the concurrent enrollment program shall have a current student education/occupation plan (SEOP) on file at the participating high school, as required under Section 53A-1a-106(2)(b).

**R277-713-4. Operational Procedures.**

- A. Private and public institutions of higher education may participate in the concurrent enrollment program.
- B. Concurrent enrollment courses shall be offered at the most appropriate location using the most appropriate methods for the course content, the faculty, and the students involved.
- C. The delivery system and curriculum program shall be designed and implemented to take full advantage of the most current available educational technology.

**R277-713-5. Courses.**

- A. Participation in concurrent enrollment begins a student's college experience and a permanent college transcript.
- B. Course registration and the awarding of credit for concurrent enrollment courses are the province of colleges and universities governed by USHE policies.
- C. Concurrent enrollment course offerings shall reflect the strengths and resources of the respective schools and institutions of higher education and be based upon student needs. The number of courses selected shall be kept small enough to ensure coordinated statewide development and training activities for participating teachers. Concurrent enrollment offerings shall be limited to a manageable number of courses in English, mathematics, fine arts, humanities, science, social science, and vocational/technical programs to allow a focus of energy and resources on quality instruction in these courses. However, there may be a greater variety of courses in the vocational-technical area.
- D. Course content, procedures, examinations, teaching materials, and program monitoring shall be the responsibility of the appropriate higher education institution or department and shall ensure quality and comparability with courses offered on the college or university campus.

**R277-713-6. Student Tuition, Fees and Credit for Concurrent Enrollment Programs.**

- A. Tuition may not be charged to high school students for participation in this program.
- B. Students may be charged a one-time enrollment fee per institution and assume responsibility for obtaining textbooks.
- C. Concurrent enrollment program fees attributable only to college/university credit or enrollment are not subject to fee waiver under R277-407.

- D. All other fees related to concurrent enrollment classes are subject to fee waiver consistent with R277-407.
- E. Credit:
  - (1) Five (5) quarter or three (3) semester higher education hours equal one (1) unit of high school credit.
  - (2) College level courses taught in the high school carry the same credit hour value as when taught on a college or university campus and apply toward college/university graduation on the same basis as courses taught at the institution of higher education to which the credits are submitted.
  - (3) Credit earned through the concurrent enrollment program shall be transferable from one USHE institution to another.

**R277-713-7. Faculty.**

- C. Nomination of adjunct faculty is the joint responsibility of the local school district and the participating institution of higher education. Final approval of the adjunct faculty shall be determined by the appropriate college or university department. Selection criteria for adjunct faculty teaching concurrent enrollment courses shall be the same as those criteria applied to other adjunct faculty appointments within the department.
- D. Adjunct faculty status of high school teachers:
  - (1) High school teachers who hold adjunct faculty status with a college or university for the purpose of teaching concurrent enrollment courses shall be included as fully as possible in the academic life of the supervising academic department.
  - (2) Universities, colleges and secondary schools shall share expertise and in-service training, as necessary, to adequately prepare teachers at all levels to teach concurrent enrollment students.
  - (3) In-service experiences may qualify teachers or professors for graduate level credit.

**R277-713-8. Concurrent Enrollment Funding and Use of Concurrent Enrollment Funds.**

- A. Each district shall receive a pro-rated amount of the funds appropriated for concurrent enrollment according to the number of semester hours successfully completed by students registered through the district in the prior year compared to the state total of completed concurrent enrollment hours.
- B. Each high school shall receive its proportional share of district concurrent enrollment monies allocated to the district pursuant to Section 53A-17a-120 based upon the hours of concurrent enrollment course work successfully completed by students on the high school campus as compared to the state total of completed concurrent enrollment hours.

- C. State funding to school districts for concurrent enrollment is limited to a maximum of 30 semester hours per student per school year.
- D. Funds allocated to school districts for concurrent enrollment shall not be used for any other program.
- E. Colleges or universities shall receive concurrent enrollment funds from school districts based on the Annual Concurrent Enrollment Contract and approved guidelines.
- F. District use of state funds for concurrent enrollment is limited to the following:
  - (1) to pay tuition for students;
  - (2) to pay for a share of the costs of supervision and monitoring by college or university employees according to the annual contractual agreement;
  - (3) to aid in staff development of adjunct faculty in cooperation with the participating college or university;
  - (4) to assist with costs of distance learning programs;
  - (5) to offset the costs of district or school personnel who work with the program;
  - (6) to pay for textbooks and other instructional materials; and
  - (7) other uses approved in writing through the USOE Concurrent Enrollment Specialist consistent with the law and purposes of this rule.
- G. Concurrent enrollment course credit shall count for completion of high school graduation requirements as well as for college credit.

**R277-713-9. Annual Contracts.**

Collaborating school districts and institutions of higher education shall negotiate annual contracts including:

- (1) the courses offered;
- (2) the location of the instruction;
- (3) the teacher;
- (4) student eligibility requirements;
- (5) course outlines;
- (6) texts, and other materials needed; and
- (7) the administrative and supervisory services, in-service education, and reporting mechanisms to be provided by each party to the contract.

### **Advanced Placement Courses**

The advanced placement courses taught at the high school prepare the student to take the AP test in a certain subject. The test measures competency and grades on a score of 1 (lowest) to 5 (highest). A score of 3, 4 or 5 is passing and students can receive college credit or a waiver of some basic education requirements at most universities in the nation. (In many universities, however, only passing does not assure credits - some requiring up to a 5 to receive credit.) Funds are distributed to the districts on the basis of the total sum available divided by the total number of AP examinations passed with a grade of 3 or higher by students in the public schools of Utah.

### **3.27 Experimental/ Developmental Programs**

**Recommendation  
\$602,369**

The Analyst recommends \$602,369 for Experimental/Developmental in FY 2004. This maintains the base budget as was appropriated for FY 2003. These Research and Development programs are the seed for school reform.

Experimental/Developmental programs are tried on a three-year basis. After three years the program is infused into regular school processes or programs or abandoned if not proven effective. The funds for the Experimental and Developmental programs are utilized as directed in the School Finance Act as follows:

**53A-17a-132. Experimental and developmental programs.**

(1) The state's contribution of \$602,369 for experimental and developmental programs for the fiscal year beginning July 1, 2002, is appropriated to the State Board of Education for distribution to school districts pursuant to rules established by the board in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act.

(2) (a) A school district may fund a new experimental or developmental program with monies appropriated under Subsection (1) for a maximum of three consecutive years.

(b) After the third year, the district shall either fund the program with regular ongoing program monies or terminate the program.

Amended by Chapter 279, 2002 General Session.

### **3.28 Electronic High School**

**Recommendation  
\$400,000**

The Analyst recommends \$400,000 for the Electronic High School for FY 2004. This is the same as was appropriated for FY 2003.

**Purpose**

**53A-17a-131.15. State contribution for the Electronic High School.**

The state's contribution of \$400,000 for the Electronic High School for the fiscal year beginning July 1, 2002, is appropriated to the State Board of Education for distribution to the school according to rules established by the board in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act.

**3.29 School Trust**  
*Trust Lands estimate is*  
*\$10,050,000*

The amount estimated to be available from this restricted account for FY 2004 is \$10,050,000.

**Summary**

The U.S. Congress, in exchange for not taxing federal land, gave lands to Utah schools at statehood. The lands are held in a legal trust for schools. Schools own 3.4 million acres. The lands are managed by the School Trust Lands Administration and must, by law, be used to generate money for schools. The money is put in a permanent savings account, which is never spent, but invested. Prior to FY 2000 the interest earned from the permanent fund went into the Uniform School Fund as unrestricted revenue available for appropriations. With the passage of House Bill 350 by the 1999 Legislature the interest now goes to each school in the state. Schools will get their share of the Trust Lands interest money according to the provision of the bill.

**Purpose**

The statutory provisions for the School LAND Trust Account Program are found in the UCA 53A-17a-131.17 as follows:

**53A-17a-131.17. State contribution for a School LAND Trust Program.**

(1) (a) Except as provided in Subsection (1)(b), there is appropriated \$6,000,000 to the State Board of Education as the state's contribution for the School LAND Trust Program for the fiscal year beginning July 1, 2002.

(b) If the amount of money in the Uniform School Fund described in Subsection **53A-16-101.5(2)** is less than or greater than \$6,000,000, the appropriation shall be equal to the amount of money in the Uniform School Fund described in Subsection **53A-16-101.5(2)**.

(2) The State Board of Education shall distribute the money appropriated in Subsection (1) in accordance with Section **53A-16-101.5** and rules established by the board in accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act.

Amended by Chapter 279, 2002 General Session

**3.30 Additional New Student Growth Shortfall**

The funding available to the committee for allocation is insufficient to totally cover the cost of new student growth. The amount of shortage is \$1,401,841. The Analyst recommends that program adjustments be considered to cover this shortfall.









### 3.31 Voted and Board Leeway Programs

<b>Program</b> <i>Voted Leeway</i>	The Analyst recommends a total Voted Leeway program of \$149,234,487. Of this amount the Uniform School Fund contributes \$13,146,168 with the remaining amount coming from local property tax revenues. The final appropriation amount will vary slightly based on the total Minimum School Program and associated weighted pupil units adopted by the Legislature.
<b>Recommendation</b>	<p>Because of this <b>the Analyst recommends committee action that would allow adjustment based on final program adoption.</b></p> <p>(c) (i) Beginning July 1, 2003, the \$17.14 guarantee under Subsections (3)(a) and (b) shall be indexed each year to the value of the weighted pupil unit by making the value of the guarantee equal to .008544 times the value of the prior year's weighted pupil unit.</p> <p>(ii) The guarantee shall increase by .0005 times the value of the prior year's weighted pupil unit for each succeeding year until the guarantee is equal to .010544 times the value of the prior year's weighted pupil unit.</p> <p>House Bill 38, "School District Voted Leeway Amendments," passed by the 2001 Legislature provided for a state guarantee up to a combined tax rate between the voted and the board leeway of .0020. It also indexed the amount of the guarantee to the value of the weighted pupil unit with FY 2003 requiring a contribution of .008544 times the value of the prior year weighted pupil unit. This was postponed with amendments to the law by the 2002 Legislature so as to not incur the added costs for FY 2003. It does come into effect again under the amended law for FY 2004. If the law is not changed to postpone the increase again it will be necessary to appropriate an additional \$4,787,850 to comply with the statutory provisions. This is the total cost effect for both the voted and board leeway. The Analyst has not included this increase in his recommendations pending a Legislative decision in light of current economic and revenue situations.</p> <p>The state guarantee is to increase by increments of .0005 until the guarantee is equal to .010544 times the value of the prior year weighted pupil unit. For FY 2003 the calculation yields a guarantee of \$18.22</p>
<b>Summary</b>	<p>In 1954, the State Legislature authorized a "voted leeway program." In 1965, the name was changed to "voted board leeway program." The 1991 Legislature set dollar amounts as a guarantee instead of a value equal to a percentage of the prior year's WPU. In the current "state-supported" "voted leeway program," the FY 1996 Legislature set a dollar amount as a guarantee based on a percentage of the prior year's WPU, thus reinstating an inflationary mechanism. The statutory provisions were changed again by the 2001 Legislature.</p> <p>The statutes governing this program are as follows:</p>

**53A-17a-133. State-supported voted leeway program authorized -- Election requirements -- State guarantee -- Reconsideration of the program.**

(1) An election to consider adoption or modification of a voted leeway program is required if initiative petitions signed by 10% of the number of electors who voted at the last preceding general election are presented to the local school board or by action of the board.

(2) (a) To establish a voted leeway program, a majority of the electors of a district voting at an election in the manner set forth in Section **53A-16-110** must vote in favor of a special tax.

(b) The district may maintain a school program which exceeds the cost of the program referred to in Section **53A-17a-145** with this voted leeway.

(c) In order to receive state support the first year, a district must receive voter approval no later than December 1 of the year prior to implementation.

(d) The additional program is the state-supported voted leeway program of the district.

(3) (a) Under the voted leeway program, the state shall contribute an amount sufficient to guarantee \$17.14 per weighted pupil unit for each .0001 of the first .0016 per dollar of taxable value.

(b) The same dollar amount guarantee per weighted pupil unit for the .0016 per dollar of taxable value under Subsection (3)(a) shall apply to the board-approved leeway authorized in Section **53A-17a-134**, so that the guarantee shall apply up to a total of .002 per dollar of taxable value if a school district levies a tax rate under both programs.

(c) (i) Beginning July 1, 2003, the \$17.14 guarantee under Subsections (3)(a) and (b) shall be indexed each year to the value of the weighted pupil unit by making the value of the guarantee equal to .008544 times the value of the prior year's weighted pupil unit.

(ii) The guarantee shall increase by .0005 times the value of the prior year's weighted pupil unit for each succeeding year until the guarantee is equal to .010544 times the value of the prior year's weighted pupil unit.

(d) (i) The amount of state guarantee money to which a school district would otherwise be entitled to under Subsection (3) may not be reduced for the sole reason that the district's levy is reduced as a consequence of changes in the certified tax rate under Section **59-2-924** pursuant to changes in property valuation.

(ii) Subsection (3)(d)(i) applies for a period of two years following any such change in the certified tax rate.

(4) (a) An election to modify an existing voted leeway program is not a reconsideration of the existing program unless the proposition submitted to the electors expressly so states.

(b) A majority vote opposing a modification does not deprive the district of authority to continue an existing program.

(c) If adoption of a leeway program is contingent upon an offset reducing other local school board levies, the board must allow the electors, in an election, to consider modifying or discontinuing the program prior to a subsequent increase in other levies that would increase the total local school board levy.

(d) Nothing contained in this section terminates, without an election, the

authority of a school district to continue an existing voted leeway program previously authorized by the voters.

Amended by Chapter 279, 2002 General Session

### 3.32 Board Leeway Program

#### Recommendation

*Final  
recommendation to be  
adjusted*

The Analyst recommends a total Board Leeway program of \$43,367,832. Of this amount the Uniform School Fund contributes \$4,728,995 with the remaining amount coming from local property tax revenues. The final appropriation amount will vary slightly based on the total Minimum School Program adopted by the Legislature. **Because of this the Analyst recommends committee action that would allow adjustment based on final program adoption.**

#### Summary

**Board Leeway Cost Increases** - The recommendations do not include increases mandated by the Legislature as previously discussed.

The statutes governing this program are as follows:

#### **53A-17a-134. Board-approved leeway -- Purpose -- State support -- Disapproval.**

(1) Each local school board may levy a tax rate of up to .0004 per dollar of taxable value to maintain a school program above the cost of the basic school program as follows:

(a) a local school board shall use the monies generated by the tax for class size reduction within the school district;

(b) if a local school board determines that the average class size in the school district is not excessive, it may use the monies for other school purposes but only if the board has declared the use for other school purposes in a public meeting prior to levying the tax rate; and

(c) a district may not use the monies for other school purposes under Subsection (1)(b) until it has certified in writing that its class size needs are already being met and has identified the other school purposes for which the monies will be used to the State Board of Education and the state board has approved their use for other school purposes.

(2) (a) The state shall contribute an amount sufficient to guarantee \$17.14 per weighted pupil unit for each .0001 per dollar of taxable value.

(b) The guarantee shall increase in the same manner as provided for the voted leeway guarantee in Subsections **53A-17a-133(3)(c)(i)** and (ii).

(3) The levy authorized under this section is not in addition to the maximum rate of .002 authorized in Section **53A-17a-133**, but is a board-authorized component of the total tax rate under that section.

(4) As an exception to Section **53A-17a-133**, the board-authorized levy does not require voter approval, but the board may require voter approval if requested by a majority of the board.

(5) An election to consider disapproval of the board-authorized levy is required, if within 60 days after the levy is established by the board, referendum petitions signed by the number of legal voters required in Section **20A-7-301**, who reside within the school district, are filed with the school

district.

(6) (a) A local school board shall establish its board-approved levy by April 1 to have the levy apply to the fiscal year beginning July 1 in that same calendar year except that if an election is required under this section, the levy applies to the fiscal year beginning July 1 of the next calendar year.

(b) The approval and disapproval votes authorized in Subsections (4) and (5) shall occur at a general election in even-numbered years, except that a vote required under this section in odd-numbered years shall occur at a special election held on a day in odd-numbered years that corresponds to the general election date. The school district shall pay for the cost of a special election.

(7) (a) Modification or termination of a voter-approved leeway rate authorized under this section is governed by Section **53A-17a-133**.

(b) A board-authorized leeway rate may be modified or terminated by a majority vote of the board subject to disapproval procedures specified in this section.

(8) A board levy election does not require publication of a voter information pamphlet.

Amended by Chapter 336, 2001 General Session

Amended by Chapter 335, 2001 General Session

### **3.33 Local Levy Authority for School Districts**

The following tables show final tax rates for all districts for FY 2003, taxing authority granted to local school districts, and a comparison of benefit on districts.

**Final Approved School District Tax Rates**  
(Source--Utah State Tax Commission, Property Tax Division)  
Tax Year 2002--FY 2002-03

District	Maintenance and Operation				Other Programs				Capital Outlay, Debt Service, and 10% of Basic				Total
	Required Basic State-Supported Program 53A-17a-135**	Voted Leeway Program 53A-17a-133**	Board Leeway Program 53A-17a-134**	Public Law 81-874 53A-17a-143**	Special Transportation 53A-17a-127**	Recreation Levy 11-2-7**	Utah Government Immunity 63-30-27**	Judgment Recovery 59-2-1328**	Capital Outlay 53A-16-107**	Debt Service*** 11-14-19** 53A-28**	10% Additional Basic Program: Capital Outlay 53A-17a-145**	10% Additional Basic Program: Other 53A-17a-145**	
1 Alpine	0.001807	0.001149	0.000354		0.000090	0.000109	0.000032			0.002820	0.000392		0.006953
2 Beaver	0.001807	0.001489			0.000075	0.000140		0.000203	0.000158	0.003644	0.000399		0.007915
3 Box Elder	0.001807	0.000588	0.000392		0.000128	0.000392	0.000062		0.000732	0.002314	0.000420		0.006835
4 Cache	0.001807	0.001600	0.000400		0.000161					0.002403		0.000255	0.006626
5 Carbon	0.001807	0.000188			0.000300	0.000258	0.000021		0.001370	0.000964	0.000272	0.000551	0.005731
6 Daggett	0.001807				0.000193	0.000220			0.000583	0.001118		0.000650	0.004571
7 Davis	0.001807	0.001597	0.000399		0.000146	0.000146	0.000072		0.000082	0.002571	0.000071	0.000719	0.007610
8 Duchesne	0.001807	0.000800	0.000400		0.000221	0.000275	0.000072		0.002400	0.000390	0.000202	0.001146	0.008085
9 Emery	0.001807	0.000800	0.000437		0.000160	0.000391	0.000023	0.000335	0.001492	0.002398	0.000782		0.006617
10 Garfield	0.001807		0.000341		0.000169	0.000169			0.000771	0.002398		0.001124	0.007316
11 Grand	0.001807	0.000368	0.000368		0.000101	0.000203	0.000027	0.000050	0.001233	0.001545	0.000569	0.000244	0.006147
12 Granite	0.001807	0.000400			0.000072	0.000130	0.000029		0.001572		0.001050		0.006460
13 Iron	0.001807	0.000773	0.000387		0.000227	0.000242	0.000015	0.000064	0.001097			0.000695	0.007737
14 Jordan	0.001807	0.001000	0.000400		0.000100	0.000135	0.000023		0.002400			0.000632	0.007312
15 Juab	0.001807		0.000421		0.000081	0.000274	0.000105		0.001464	0.002528			0.004854
16 Kane	0.001807	0.000401	0.000401		0.000267		0.000024		0.000434	0.001539	0.000382		0.004854
17 Millard	0.001807	0.000800	0.000200		0.000175	0.000200	0.000057		0.001264	0.000960		0.000460	0.005923
18 Morgan	0.001807		0.000400		0.000098	0.000249	0.000021		0.001155	0.000666	0.000369	0.000657	0.005422
19 Nebo	0.001807	0.000529	0.000349		0.000076	0.000177	0.000041		0.000545	0.003300	0.000744	0.000289	0.007857
20 No. Sanpete	0.001807	0.001322	0.000327		0.000327				0.000081	0.001218	0.000643	0.000823	0.005598
21 No. Summit	0.001807		0.000400		0.000203	0.000775	0.000039		0.001060	0.000849		0.000823	0.006188
22 Park City	0.001807	0.001571			0.000080	0.000119	0.000005		0.000619	0.001210		0.000140	0.005709
23 Piute	0.001807	0.000341			0.000088				0.000398	0.001601	0.001406		0.005982
24 Rich	0.001807	0.000583	0.000329		0.000172	0.000244	0.000021		0.000988	0.000853	0.000777	0.001830	0.005774
25 San Juan	0.001807		0.000400		0.000300	0.000300	0.000100		0.001731	0.001324	0.001084		0.008876
26 Sevier	0.001807	0.000600	0.000400		0.000300	0.000189	0.000057		0.000406	0.002313	0.001120		0.007192
27 So. Sanpete	0.001807	0.001600	0.000400		0.000300	0.000300	0.000061		0.000995	0.002476	0.000465	0.000134	0.006134
28 So. Summit	0.001807	0.000240	0.000400		0.000200	0.000312	0.000061		0.001962	0.000711	0.000441		0.008104
29 Tintic	0.001807	0.001990	0.000379		0.000200	0.000016			0.000743	0.004560			0.006134
30 Tooele	0.001807	0.000600			0.000131	0.0000220	0.000048		0.000960	0.004329		0.000495	0.009495
31 Uintah	0.001807				0.000300	0.000229	0.000100		0.002200		0.000365	0.000801	0.008896
32 Wasatch	0.001807	0.000933	0.000400		0.000150	0.000112	0.000010		0.000406	0.001740	0.000365	0.001202	0.005838
33 Washington	0.001807	0.000600	0.000400		0.000200	0.000130	0.000020		0.000208	0.003367	0.000365	0.000364	0.006287
34 Wayne	0.001807		0.000217		0.000273				0.002255				0.006732
35 Weber	0.001807	0.000568	0.000400		0.000140	0.000120	0.000050	0.000009	0.000911	0.001405	0.000365	0.000492	0.004917
36 Salt Lake	0.001807	0.001800	0.000200		0.000157	0.000116	0.000026	0.000045	0.000819	0.000486	0.000274		0.005902
37 Ogden	0.001807	0.001227	0.000397		0.000106	0.000189	0.000026		0.001944	0.000605		0.001132	0.005573
38 Provo	0.001807	0.000860	0.000256		0.000106	0.000187	0.000046		0.001443	0.000957		0.001132	0.007458
39 Logan	0.001807	0.000600			0.000202	0.000369	0.000040		0.001112	0.001370	0.000800	0.000248	0.006037
40 Murray	0.001807	0.001646	0.000400		0.000064	0.000165	0.000027		0.001369	0.001056	0.000339	0.000200	0.006900
Total													0.006473
Average Levies	0.001807	0.000993	0.000367		0.000168	0.000221	0.000043	0.000118	0.001088	0.001818	0.000547	0.000666	0.006704

\*From estimated Sum of Valuations from the State Tax Commission without estimated fees-in-lieu, less adjustments calculated from estimated redevelopment increment data from redevelopment agencies.

\*\*Section of Utah Code 2002 that authorizes levy.

\*\*\*Adjusted for redevelopment

\*\*\*\*General Obligation Bond Debt

\*\*\*\*\*Non General Obligation Bond Debt

## PUBLIC EDUCATION PROPERTY TAXES

2002-03

<u>Tax</u>	<u>Ceiling<sup>1</sup></u>	<u>Utah Code Citation</u>
Basic Levy	.001813 <sup>2</sup>	53A-17a-135; 59-2-902 and -903, and -905, and -906
Voted/Board Leeway	.002000 <sup>3</sup>	53A-17a-133 and -134; and 59-2-904
Capital Outlay/Debt	.002400 <sup>4</sup>	53A-16-107; 11-14-19
10% of Basic	Varies by District	53A-17a-145
Voted Capital	.002000	53A-16-110
Tort Liability	.000100	63-30-27
Transportation	.000300 <sup>5</sup>	53A-17a-127
Recreation	None	11-2-7
P.L. 81-874	.000800	53A-17a-143
Judgment Recovery	Varies by Judgment <sup>6</sup>	53A-16-111; 59-2-102, and 918.5, and -924, and -1328, and -1330

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<sup>1</sup>A taxing entity may impose a tax rate in excess of the maximum levy permitted by law if the rate generates revenues that are less than the revenues that would be generated under the certified tax rate [59-2-914(3)(a)].

<sup>2</sup>This is a legislative preliminary estimate. 53A-17a-135(1)(a), (b) and (c) provide that the State Tax Commission will certify and adjust the basic rate on or before June 22 to generate \$206,690,578.

<sup>3</sup>House Bill 38 of the 2001 General Session increased the state guarantee of \$17.14 per 0.0001 tax rate per WPU to 0.008544 times the value of the prior year's weighted pupil unit beginning in FY 2002-03. The 2002 Legislature delayed implementation of this bill until FY 2003-04. The guarantee shall increase by 0.0005 times the value of the prior year's weighted pupil unit for each succeeding year until the guarantee is equal to 0.010544 times the value of the prior year's weighted pupil unit." (53A-17a-133(3)(c) (i) and (ii)). The amount of state aid guarantee money to which a school district would be otherwise entitled under the Voted/Board Leeway programs may not be reduced as a consequence of changes in the certified tax rate pursuant to changes in property valuation. This applies for a period of two years following any such change in the certified tax rate [53A-17a-133(3)(d)(i) and (ii)].

<sup>4</sup>School districts levying less than 0.002400 for capital outlay and debt service shall receive proportional funding under the Capital Outlay Foundation program based on the percentage of the 0.002400 tax rate levied by the district. Hold harmless provisions for up to two years have been enacted by Administrative Rule R277-451. School districts are required, regardless of any limitations which may otherwise exist on the amount of taxes which the school district may levy, to provide for the levy and collection annually of ad valorem taxes without limitation as to rate or amount on all taxable property in the school district fully sufficient to fund general obligation indebtedness [11-14-19].

<sup>5</sup>House Bill 179 of the 1998 General Session increased the maximum tax rate a school board may levy from 0.000200 to 0.000300 for transporting participating students to interscholastic activities, night activities, and educational field trips approved by the board, for the replacement of school buses [53A-17a-127(6)], transportation of ineligible students to and from school, and hazardous bus routes [R277-600-10]. The guarantee is not to exceed 85% of the state average cost per mile, if the school board levies a tax of at least 0.000200. The amount of state guarantee money to which a district would otherwise be entitled may not be reduced for the sole reason that the district's levy is reduced as a consequence of changes in the certified tax rate. This hold-harmless for the state guarantee applies for two years.

<sup>6</sup>Senate Bill 84 of the 2000 General Session clarified eligibility requirements for the imposition of a Judgment Levy. An eligible judgment is a final order or judgment under 59-2-1328 or 59-2-1330 that became final and unappealable no more than 14 months prior to July 22<sup>nd</sup> of each year and for which the taxing entity's share of the judgment is greater than or equal to the lesser of \$5,000 or 2.5% (ranges changed from \$1,000 or 1% by House Bill 201 of the 2002 General Session) of the total ad valorem property taxes collected by the taxing entity in the previous fiscal year [59-2-102(10)]. Because each year stands on its own, judgment levies are not considered part of the total certified tax rate; the effective judgment levy certified tax rate is considered to be zero each year and taxing entities must go through the hearing and notice requirements of 59-2-918.5 each year. If a judgment levy is imposed, all refunds and interest ordered must be paid no later than December 31 of the year in which the judgment levy is imposed [59-2-1328 (3)].



# VOTED/BOARD LEEWAY

## FY 2003-03

\*\*\*\*\*

DISTRICT MAY VOTE LEVY UP TO 0.002000

STATE GUARANTEES \$17.14<sup>1</sup> PER 0.000100 PER WPU FOR THE FIRST 0.001600 OF VOTED LEEWAY AND  
0.000400 OF BOARD LEEWAY (TOTAL OF 0.002000)

\*\*\*\*\*

### 0.001000 LEVY<sup>2</sup>

#### DISTRICT A

1,000 WPUs

0.000100 Tax Rate Raises:  
\$12,000

Guarantee  
\$17.14 X 10 X 1,000 WPUs = \$171,400

$$[\$17.14 \times \frac{0.001000}{0.000100} \times 1,000 \text{ WPUs} = \$171,400]$$

0.001000 Raises                      \$120,000

STATE AID                                \$51,400

TOTAL DISTRICT REVENUE    \$171,400

#### DISTRICT B

1,000 WPUs

0.000100 Tax Rate Raises:  
\$ 120,000

Guarantee  
\$17.14 X 10 X 1,000 WPUs = \$ 171,400

$$[\$17.14 \times \frac{0.001000}{0.000100} \times 1,000 \text{ WPUs} = \$ 171,400]$$

0.001000 Raises                      \$1,200,000

STATE AID                                \$    0

TOTAL DISTRICT REVENUE    \$1,200,000

**NOTE:**

To change from Old Utah Mill to Present Tax Rate, DIVIDE by 5,000. Example: 9.065/5,000 = 0.001813  
To change from Present Tax Rate to Old Utah Mill, MULTIPLY by 5,000. Example: 0.001813 X 5,000 = 9.065

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<sup>1</sup>Beginning July 1, 2001, the 2001 and 2002 Legislatures set the guarantee at \$17.14 [53A-17a-133(3)(a) and 53A-17a-134(2)(a)]. Beginning July 1, 2003 the \$17.14 guarantee is indexed to the value of the WPU by making the value of the guarantee equal to 0.008544 times the value of the prior year WPU. Further, this guarantee index multiplier increases by 0.0005 each year until the guarantee is equal to 0.016544 times the value of the prior year's WPU in FY 2006-07. [53A-17a-133(3)(c) and 53A-17a-134(2)].

<sup>2</sup>The amount of state aid guarantee money to which a school district would be otherwise entitled under the Voted/Board Leeway programs may not be reduced as a consequence of changes in the certified tax rate pursuant to changes in property valuation. This applies for a period of two years following any such change in the certified tax rate. 53A-17a-133(3)(d)(i) and (ii).